

Message Text

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C O N F I D E N T I A L BRIDGETOWN 1917

E.O. 11652: GDS

TAGS: PFOR SGEN

SUBJ: FY 1976 PEACE CORPS PROGRAM

REF: STATE 236947

1. PEACE CORPS OPERATIONS IN EASTERN CARIBBEAN ARE CARRIED OUT IN ELEVEN COUNTRIES UNDER SEVEN DIFFERENT GOVERNMENTS. TEXT OF REFTEL SUGGESTS THAT DEPARTMENT UNAWARE THIS ALL-IMPORTANT FACT.

2. PEACE CORPS VOLUNTEERS IN THIS AREA SERVE VERY REAL NEED AND ARE DOING AN OUTSTANDING JOB AND THEIR PRESENCE GREATLY APPRECIATED BY LOCAL GOVERNMENTS AND PEOPLES. THOUGH BOTH CANADIANS AND BRITISH MAINTAIN CONTINGENTS THEIR OWN VOLUNTEERS, NUMBERS ARE SMALL COMPARED TO PEACE CORPS CONTINGENT. FURTHERMORE, THEY DO NOT OPERATE AT ALL ON SEVERAL OF ISLANDS WHERE PEACE CORPS PRESENT. THE HIGH OPINION OF LOCAL GOVERNMENTS REGARDING PEACE CORPS OPERATION NOTWITHSTANDING, PROPOSAL IN REFTEL IS IN COUNTRY TEAM'S CONSIDERED OPINION, A NON-STARTER.

3. EVEN WHEN TAKEN TOGETHER, ALL SEVEN COUNTRIES SERVED BY PEACE CORPS HAVE CONSIDERABLY LESS THAN ONE MILLION PEOPLE, AND NONE OF THEM EXCEPT BARBADOS HAS POPULATION OF MUCH MORE THAN 100,000. MOREOVER, LARGEST ISLAND IN AREA HAS AREA OF LESS THAN 300 SQUARE MILES. IN THESE CIRCUMSTANCES, OUR COUNTRIES CANNOT REALLY BE COMPARED WITH OTHERS TO WHICH REFTEL SENT. IN PARTICULAR, USE OF PER CAPITA GNP AS CRITERION OF WEALTH (HENCE, OF ABILITY TO CONTRIBUTE TO PEACE CORPS SUPPORT) HAS SERIOUS DRAW-

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BACKS. GOVERNMENT OF A LARGE COUNTRY WITH RELATIVELY LOW PER CAPITA GNP MIGHT BE ABLE MAKE ADJUSTMENTS WITHIN A RELATIVELY

LARGE BUDGET PERMITTING IT TO SHIFT TO PEACE CORPS SUPPORT FUNDS ORIGINALLY INTENDED FOR OTHER PURPOSE. GOVERNMENTS OF OUR MINISTATES, WHOSE REVENUE USUALLY LIMITED TO PROCEEDS OF TOURISM AND SMALL-SCALE AGRICULTURE, OPERATE ON A SHOESTRING, HOWEVER, AND, BY AND LARGE, LACK FLEXIBILITY WITH REGARD TO EXPENDITURE OF PUBLIC FUNDS. MOREOVER, THESE ISLANDS MUST IMPORT ALL ESSENTIALS, EXCEPT A FEW STAPLE FOODS, AND LIVING COSTS CONSEQUENTLY HIGHER THAN MIGHT BE EXPECTED AND RISING STEADILY. FEW, IF ANY, AREAS OF WORLD, HAVE BEEN HIT HARDER BY IMPORTED INFLATION AND SPIRALING FUEL COSTS THAN EASTERN CARIBBEAN, AND ALL SEVEN COUNTRIES SERVED BY PEACE CORPS FACE UNPRECEDENTED FINANCIAL PROBLEMS. SITUATION IS SO BAD IN SMALLER ISLANDS THAT HMG, WHICH HAD ALMOST PHASED OUT BUDGET SUPPORT ASSISTANCE THROUGHOUT THE AREA, IS SERIOUSLY CONSIDERING RESUMPTION OF SUCH AID TO THOSE IN MOST DESPERATE STRAITS.

4. BARBADOS, WITH A POPULATION MORE THAN TWICE THAT OF NEXT LARGEST COUNTRY IN EASTERN CARIBBEAN AND WITH PER CAPITA GNP OF APPROXIMATELY DOLS 880, MIGHT APPEAR TO BE IN A DIFFERENT CLASS FROM OTHER COUNTRIES IN THE AREA. IN FACT, HOWEVER, IT, TOO, IS IN STRAITENED SITUATION. A RAMPANT INFLATION - 26 PERCENT IN 1973; RUNNING AT ALMOST 50 PERCENT ON AN ANNUAL BASIS IN CURRENT YEAR - HAS SENT COSTS SOARING, LIMITED COUNTRY'S FOREIGN EXCHANGE EARNINGS, AND PLACED A SEVERE STRAIN ON ITS BUDGET. ITS FUEL BILL, FOR EXAMPLE, HAS QUADRUPLLED OVER PAST YEAR, GOING FROM US DOLS 8 MILLION TO OVER US DOLS 32 MILLION. SOME GOB PLANNED PROJECTS ARE BEING REAPPRAISED AND MAY BE CANCELLED BECAUSE OF INCREASED COSTS. UNCERTAIN ECONOMIC CONDITIONS ABROAD ARE CAUSING SOME FIRMS IN THE COUNTRY'S INFANT MANUFACTURING SECTOR TO RETRENCH (GENERAL DYNAMICS, BARBADOS' LARGEST FOREIGN MANUFACTURER, HAS JUST LAID OFF ALMOST 50 PERCENT OF ITS WORK FORCE)? AND COULD WELL LEAD TO REDUCTION IN TOURISM (WHICH PROVIDES OVER 50 PERCENT OF GDP) THIS COMING SEASON. IN SUM, ECONOMIC OUTLOOK FOR BARBADOS IS FAR FROM FAVORABLE AND GOB LIKELY FIND ITSELF IN A BUDGET SQUEEZE BEFORE LONG.

5. BARBADOS, WHICH BY FAR LARGEST CONTRIBUTOR TO PEACE CORPS SUPPORT, PROVIDES ANNUAL PAYMENTS EQUIVALENT TO DOLS 50 A MONTH FOR EACH VOLUNTEER ASSIGNED HERE (APPROXIMATELY DOLS 8,000
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ANNUALLY TO ALL). GOVERNMENTS OF ST. VINCENT, ST. LUCIA AND GRENADA GIVE LIMITED SUPPORT IN KIND (WHICH GOES TOWARD VOLUNTEER FURNISHINGS AND APPLIANCES) IN FOLLOWING AMOUNTS: US DOLS 5,000, US DOLS 1,400 AND UNSPECIFIED BUT HITHERTO SMALLER AMOUNT, RESPECTIVELY. GOVERNMENTS OF ANTIGUA, ST. KITTS-NEVIS AND MONTserrat FURNISH STILL MORE LIMITED SUPPORT (OFFICE SPACE AND TRANSPORTATION).

6. A REVIEW OF LOCAL PEACE CORPS FILES INDICATES THAT, IN 1966 AND AGAIN IN 1970, SOME EFFORT WAS MADE TO SOLICIT INCREASED

CONTRIBUTIONS BY LOCAL GOVERNMENTS TOWARDS SUPPORT OF PEACE CORPS OPERATIONS. HOWEVER, THERE IS NO RECORD OF, NOR DOES PRESENT STAFF REMEMBER, ANY ATTEMPT BEING MADE TO FOLLOW UP ON VERBAL COMMITMENTS OBTAINED IN 1970. IN GENERAL, SUCH COMMITMENTS MUST NOW BE CONSIDERED A DEAD ISSUE, BOTH BECAUSE THEY WERE NEVER FORMALIZED AT HIGHEST GOVERNMENT LEVELS AND BECAUSE FINANCIAL CIRCUMSTANCES HAVE CHANGED FOR THE WORSE.

7. PEACE CORPS PROGRAM IS - EXCEPT FOR SMALL SDAF PROGRAM IN BARBADOS - THE ONLY BILATERAL ASSISTANCE ANY OF SEVEN GOVERNMENTS IS RECEIVING FROM USG. ABSENCE OF OTHER BILATERAL ASSISTANCE IS LONG-STANDING SORE POINT WITH LOCAL GOVERNMENTS, WHO CANNOT UNDERSTAND WHAT THEY REGARD AS INDIFFERENCE ON OUR PART TO THEIR COUNTRIES' OBVIOUS NEED. NEWLY INDEPENDENT GOVERNMENT OF GRENADA HAS BEEN ESPECIALLY VOCAL ON THIS SUBJECT IN RECENT MONTHS. WHILE WE SUPPORT CURRENT POLICY OF CHANELLING AID THROUGH REGIONAL CARIBBEAN DEVELOPMENT BANK, ABSENCE OF BILATERAL ASSISTANCE DOES REDUCE OUR LEVERAGE WITH AREA GOVERNMENTS. IN THIS CONNECTION, IT SHOULD BE NOTED THAT, WHILE US HAS LIMITED INTERESTS IN MOST OF ISLANDS, WE MAINTAIN BASES IN TWO, BARBADOS AND ANTIGUA, AND AT PRESENT TIME WE PAY NO RENT TO EITHER GOVERNMENT.

8. IN THESE CIRCUMSTANCES, COUNTRY TEAM STRONGLY BELIEVES THAT:
(A) THERE IS ALMOST NO LIKELIHOOD ANY OF SEVEN GOVERNMENTS WOULD BE WILLING - REGARDLESS OF CONSEQUENCES - TO SUPPORT PEACE CORPS ACTIVITIES TO ANY GREATER EXTENT THAN THEY ALREADY ARE DOING; AND
(B) IT WOULD NOT BE IN US INTEREST TO ASK THEM TO DO SO. IF FACED WITH A CHOICE BETWEEN INSISTING UPON INCREASED CONTRIBUTIONS OR PHASING DOWN CURRENT LEVEL OF PEACE CORPS ACTIVITY, WE WOULD WITHOUT ANY HESITATION CHOOSE LATTER COURSE.

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